



State of Utah
Department of Commerce
Division of Real Estate

JON HUNTSMAN, JR.
Governor

FRANCINE GIANI
Executive Director

DEREK B. MILLER
Real Estate Division Director

UTAH DIVISION OF REAL ESTATE - FRAUD ALERT



Protect Your License and Career by Avoiding “Investment” Scams

Please be aware and make your employees aware of a dramatic increase in illegal property flipping throughout our state. The scam involves individuals posing as “real estate investors” – offering to purchase single-family homes at inflated prices, promising “guaranteed high rates of return”, falsifying or obtaining fraudulent appraisals to substantiate the artificial values, and reselling or refinancing the homes several times for 150 to 200 percent of the actual value. The scam is most prevalent in areas of new construction and high-end homes, particularly Utah County (Provo/Alpine), Washington County (St. George), and Salt Lake County (Draper).

Identifying and Avoiding Real Estate Fraud

- Properties reported as “sold” or offers to buy at values significantly higher than asking price.
- Property sales history shows many sales with rapid and significant increases in value.
- Buyer purchasing multiple properties in a short period of time (often as owner occupied).
- Appraisal is dated prior to the loan application.
- “Investor” using someone else’s identity and/or credit score to purchase a home.
- Buyers providing false information on employment, credit score, income, or the occupancy of the home.
- REPC does not reflect the “true terms” of the agreement, such as undisclosed addendums.
- Unlicensed persons receiving “consulting fees” for helping “clients” purchase investment properties.
- Buyers and sellers conspiring to artificially inflate the property value and sharing the “profit”.
- Excessive payments to third parties such as unsubstantiated notices of interest or unrecorded second-mortgages.
- Using HUD-1 statements as sales verification for appraisal “comparables”.

State and Federal penalties for fraud include administrative (fines and loss of professional license), civil (liability to private parties), and criminal (up to 30 years in federal prison or \$1,000,000 or both).

Complaints may be submitted through the Division’s website at www.realestate.utah.gov.